

TEXAS

the publication of the
Texas Jewelers Association

Winter 2006

Jeweler

FLEX-SHAFT
A TOOL OF
DIVERSITY

PLAYING
IT SAFE
OVER THE HOLIDAY
SEASON

Q&A
WITH DAVID GELLER



NO
RED CARPET for
CONFLICT DIAMONDS

PRSR STD
U.S. Postage
PAID
Permit No. 1467
Fort Worth, TX



Michael Strick, owner of
Hydrex and Strick's Jewelers
in Brookfield, Wis., enjoys
taking his insurance to
Jewelers Mutual.

Coverage you can count on.

Jewelers Mutual has been a partner in protecting the jewelry industry for nearly a century. We are the experts at insuring only jewelry and jewelry businesses. No other insurance company can say that.

People you can count on.

As Jewelers Mutual's leadership changes in 2007, our focus won't. We're proud to be a friend in the jewelry industry. We will continue our dedication to providing you with the coverage you need and the expertise you deserve.

Jewelers Mutual
INSURANCE COMPANY

800-558-6411 • www.jewelersmutual.com
YourInsuranceExpert@jminsure.com

*Proud sponsor of the
Texas Jewelers Association*

Represented by

Sleeper Sewell & Company | Dallas, TX | 972-419-7500

Sleeper Sewell & Company | San Antonio, TX | 210-490-6611



EXECUTIVE BOARD

President

Doug Jackson
Jewel Mart - D Jackson Co.
Paris, TX
903-785-7100
jewelmart@cox-internet.com

President Elect

Mark Priest
Legend Jewelers
San Angelo, TX
325-653-0112
mrksalot2000@yahoo.com

Vice President

Stan Mathews
Mathews Jewelers
Orange, TX
409-886-7233
mathewsjewelers@gtbixlccass.com

Secretary/Treasurer

Eric Wright
Village Goldsmith Jewelers
Dallas, TX
972-934-0449
eric.wright@att.net

Past President

Peter LeCody
Fast-Fix Jewelry Repair
Dallas, TX
214-361-2811
fastfix@fastfix.com

TEXAS JEWELERS ASSOCIATION

Joe McCullough

TJA Executive Director
1306-A West Anderson Lane
Austin, TX 78757
512-454-8626
Fax 512-454-3036
jmccullough@assnmgmt.com
www.texasjewelers.org

Publisher

Sail House Publishing
3510 Crowncrest Dr., Austin, TX 78759
512-346-0892
309-420-6280 fax
kim@sailhousepublishing.com

Advertising Representative

Joanne Pantaze
(512) 272-9393
(512) 278-1531 fax
jpantaze@pvco.net

INSIDE THIS ISSUE

Winter
2006

FEATURES

NO RED CARPET FOR CONFLICT DIAMONDS 8

By Julie Tereshchuk — With the movie Blood Diamond coming out, consumers will have more questions about the diamonds they purchase.

THE FLEX SHAFT: A TOOL OF DIVERSITY 12

By Karen A. Christians — A guide for buying and using the flex shaft.

JA PUBLISHES ANNUAL COST OF DOING BUSINESS SURVEY 16

Retailers' overall sales growth down to 3.9% in 2005.

EVERYDAY REMINDERS TO PROTECT YOUR ASSETS 19

By Steve Konetzke

PLAYING IT SAFE OVER THE HOLIDAY SEASON 22

By August Harris — Tips for avoiding chargebacks.

THE CLOCK STARTS TICKING 24

How not to bomb out with waiting customers.

COVER SPOTLIGHT: RELIOS 28

DEPARTMENTS

President's Message	4
Executive Director's Report	5
News Briefs	6
Telephone Doctor	26
Q&A with David Geller	30
Advertiser Index	30

Cover sponsor photo provided by Relios Inc. The gemstone torsade and filigree cross pendant are part of the Rodeo Romance and Spanish Lace collections, respectively, and feature natural gemstones and sterling silver. You can find these pieces as a part of the CP Signature brand at www.Relios.com.

Doug Jackson

Are You Ready? We Need to Talk about Christmas!



HERE WE ARE, JUST

a few weeks from the end of our Christmas season, a new year and looking over our shoulders at 2006. At that point it's called "HINDSIGHT" and with hindsight did we do all

we could to have the best Christmas season ever? Did the advertising work? How was the merchandise mix? Did we have enough of the "important" pieces and styles? Did we have the right personnel for each job? Did we discount too much and end up with a lousy gross margin? Or was the margin healthy and there's enough money in the bank to pay all our obligations and then some left over for a nice year-end bonus for YOU KNOW WHO?

Now, let's get back to the present and make sure we ARE ready for the season. Here we are in December and there isn't much time to finish what should have been completed at

least a month ago. Things like GIFT BOXES, BOWS, RIBBONS, and BAGS should all be in place, store nicely displayed for the season, jewelry cleaned, watches checked and set on correct time, chains cleaned so they sparkle, all supplies on hand—you know the drill! BUT IS IT DONE?

As Larry the Cable Guy says: "GET R DONE."

ENOUGH ALREADY!

I truly hope each and every one of you has a fabulous Christmas, wonderful New Year, and all the happiness you can stand.

Now, finish looking at this "BEST IN AMERICA" newsletter and go GET R DONE!

Your humble president,
Doug



2006 – 2007 Board of Directors

Peter Barr

Corpus Christi, TX
361-992-2277
peter@peterbarrjewelers.com

Amber Gustafson

Amber's Designs
Katy, TX
281-391-6333
Amberdgn@aol.com

David Harleston

Lathrop's Gem Shop
Bellaire, TX
713-665-0614
dharleston@ev1.net

Ronnie Miller

Meyerland Jewelers
Houston, TX
713-666-6333
meyerjewl@aol.com

Ronnie Pagel

Round Rock, TX
512-388-4653
rpagel9193@aol.com

Jeannie Roberts Roe

Del Rio, TX
517-775-0600

Renato Ronquillo

Baytown, TX
281-421-5603
Renato818@yahoo.com

Steve Konetzke

Sleeper, Sewell & Company
San Antonio, TX
210-490-6611
konetzke@sbcglobal.net

Bob Singleton

Colleyville, TX
817-577-3802
bobbey7@comcast.net

Peter LeCody

Past President
Dallas, Texas
214-361-2811
fastfix@fastfix.com

Joe McCullough

TJA Executive Director
Austin, TX
877-305-3935 (toll free)
jmccullough@assnmgmt.com

Joe McCullough

TJA Moves Conference to September!

HOLD ON TO YOUR HAT! TJA has moved the date of the TJA 69th Annual Conference and Expo to September.

That's right! The Texas Jewelers Association has just moved next year's TJA Annual Conference and Expo from April of 2007 to September of 2007.

Our exhibitors have asked that we move the TJA conference date to be "closer to the jeweler buying season," which we felt made good sense. It gives the jeweler an extra opportunity to pick up some last minute product before the crunch of the holiday season year begins. It also gives the association a chance to give our retail members a weekend of "laid back time" before the frenzy of the holidays start banging on your doors and stores.

**MARK YOUR CALENDAR NOW!
WE'RE GOING TO GALVESTON!**

The main bulk of TJA conference CE programs will start on Sunday afternoon and will end on Monday morning. The weekend will be laced with Saturday and Sunday morning and evening activities like golf, fishing expeditions, receptions and beach fun. If you have not been to Galveston Island lately, forget what you think you may know. Galveston used to be a "roll up the sidewalks" beach community after September 1 of each year; but now you had better have your room booked a month in advance for a September or even October hotel room date. With daily beach beautification systems, a variety of fun-filled restaurants, trolley systems and tourist site-seeing activities from shopping to airplane museums, there is literally something for all ages to experience.

When Doug Jackson, our TJA President, and I recently went on Galveston Island hotel site tours in early October, hotel rooms were sold out...in October! A number of the island hotels were hosting bustling conventions and with the addition of tourists, who were all soaking in the sites

and sounds of Galveston Island, the island was buzzing with activity. Even the beach was packed by 10 am with beach activities and tourists, so Galveston is on the map in Texas!

The Texas Jewelers Association is giving you one last chance to add a few days of fun in your program at one of the hottest/

coolest destinations in Texas. We also are giving Texas jewelers an affordable opportunity to fill in the holes for your upcoming 2007 buying season without having to travel to Las Vegas to do it.

Watch the TJA website for more exciting updates on Membership and Conference benefits at www.texasjewelers.org.

2007 It's A Date

September 22 – 24, 2007

Galveston, Texas

TJA Convention

CONVENTION DATES

Friday September 22, 2007 – Monday, September 24, 2007
(Arrive Friday or Saturday)

HOTEL

Hilton – Galveston Island Resort
5400 Seawall Boulevard
Galveston, Texas 77551
409-744-5000

ROOM RATES

\$109 Single-Double

RESERVATIONS

1-800-475-3386 (Be smart and make them now...you can cancel rooms if needed later, but you can't get rooms if they are sold out)



TEXANS AMONG LIST OF AGTA SPECTRUM AWARD WINNERS RECENTLY NAMED

The American Gem Trade Association (AGTA) has announced the winners of the 2007 AGTA Spectrum Awards competition, held Oct. 20-22 in New York.

Awards were given in two major categories: the AGTA Spectrum Awards, judged on the basis of overall beauty and wearability, innovative design, effective use of materials, quality of gemstones, quality of workmanship, broad-base consumer appeal and potential to generate positive publicity for natural colored gemstones; and the AGTA Cutting Edge Awards, honoring excellence and creativity of the lapidary arts.

All designs that qualified for the Spectrum Awards were also considered for honors recognizing outstanding use of colored gemstones and cultured pearls in two other categories: Manufacturing Honors, for jewelry appropriate to be manufactured in production quantities, and Fashion Forward Honors, for trend-setting jewelry.

BELOW ARE OUR TEXAS WINNERS

1st Place-Classical Division:

Zoltan David, Zoltan David Precious Metal Art, Austin, Texas – *Platinum, 22-karat and 18-karat yellow gold ring featuring a 20.85-carat spessartite garnet accented with tsavorite garnets (6.40 total carat weight).*

Cutting Edge Award winner:

Best of Show: *Ray Zajicek*, Equatorial Imports, Inc., Dallas – *3.13-carat pear-shaped emerald.*

1st Place-Classic Gemstone Division:

Ray Zajicek, Equatorial Imports Inc., Dallas – *3.13-carat pear-shaped emerald.*

Honorable Mention-Pairs and Suites Division: *Dalan Hargrave*, Gemstarz Jewelry, Spring Branch, Texas – *Pair of matched ametrine free-style carvings barked with mother-of-pearl.*

3rd Place-Carving Division:

Larry Woods, Jewels From The Woods, Blanco, Texas – *61.11-carat carved rubellite tourmaline.*

TIFFANY & CO. CONFIRMS AUSTIN STORE

Tiffany & Co. has confirmed it's coming to Austin. The New York jeweler says it will open a 5,100-square-foot store at The Domain in North Austin in March 2007.

Tiffany says the new Austin store will offer its own signature collections as well as lines from designers like Jean Schlumberger, Elsa Peretti and Paloma Picasso.

Tiffany & Co. operates more than 150 stores in the United States and abroad and has a worldwide work force of 8,000 employees.

CEREMONY HELD FOR WORLD JEWELRY CENTER IN LAS VEGAS

With its founding companies onboard, the World Jewelry Center (WJC) held a ceremony in late October to officially introduce the ambitious, several hundred million dollar project.

Former Gemological Institute of America President Bill Boyajian was joined by developer Robert Zarnegin and Las Vegas Mayor Oscar B. Goodman as they kicked off the project, which will be built on about 5.4 acres in Union Park, a downtown urban development project.

The center is billed as a jewelry megamarket, bringing together the corporate offices of several hundred domestic and international gem and jewelry companies, who will buy space in an impressive trade tower, as well as a free-standing gallery of retail jewelry stores meant to target middle-market consumers. The WJC also calls for an educational component that will include a museum. It is planned to open for business sometime in late 2009 or mid-2010.

Boyajian said the 10 companies that have agreed to be a part of the project so far are Alan Friedman Designs, Chow Tai Fook Group, Estet Jewelry Co., JPI Packaging, Kazanjian Bros., Lucent Diamonds, Robert Wan Tahiti, SimplexDiam, Super Bell Jewelry and Tycoon Inc.

He added that the American Gem Society, which is based in Las Vegas, has signed a letter of intent to also be a part of the project.

Among the features meant to attract companies to the WJC are state-of-the-art security, secure shipping and receiving, gem-grading labs and educational facilities, trade associations and plans for a dedicated Foreign Trade Zone.

For more information, visit www.worldjewelrycenter.com.

JA SEEKS VOLUNTEERS FOR NEW PEER-TO-PEER SPEAKER INITIATIVE

Have you ever attended a seminar at a conference or convention and while listening to a speaker thought to yourself, "I could do that" or "I'd like to have the opportunity to be a speaker"? Well now's your chance!

Jewelers of America has developed a Peer-to-Peer Speaker program, which will offer meaningful education at affiliate events while reducing the cost of delivery. To make it a success, JA needs volunteers with the knowledge, talent and desire to speak at affiliate events nationwide. Speakers will deliver prepared presentations in the areas of management, sales, customer service, bench and product knowledge.

HERE'S HOW THE PROGRAM WORKS:

- JA will develop all content and provide detailed outlines, presentations, graphics, handouts and audiovisual equipment.
- JA will fund all travel expenses including air and ground transportation, food and lodging.
- Participants will be asked to make available at least three weekends per year to deliver programs at affiliate events.
- Participants will be required to attend a speaker-training workshop to be held in early 2007.

Even if you're not personally inclined to present seminars in front of a group of your peers, you may know people in your organization who would be excellent speakers. If so, please make them aware of this great opportunity.

For more information or to volunteer (yourself or someone else) for JA's Peer-to-Peer Speaker Initiative, please email contact information to:

Vivian Singh, JA education coordinator, at vsingh@jewelers.org, or call 646-658-5805 or

David Peters, JA director of education, at davidpeters@jewelers.org, or call 213-607-7654.

GQ STUDY FINDS 'XOOMER' MEN ARE TODAY'S SUPER CONSUMERS

Once perceived as "slacker shoppers," men ages 25-39 are now considered a powerful consumer segment, according to a new study from *GQ* magazine.

The study, called "Xoomers: the 10-year Rise from Zeroes to Heroes," looked at the differences between the men of Generation X, identified as "Xoomers" (pronounced "Zoomers"), and their predecessors. According to the study, Gen X men have shed their slacker identity and now have a significant impact on the retail marketplace.

The research found that Xoomers are brand-aware savvy shoppers, heavily inclined toward luxury products, including jewelry. Among the study's conclusions: The group outspends Baby Boomers by 19 percent across all product categories; is 15 percent more likely than Boomers to pay a premium for luxury goods; and is 68 percent more likely than Boomers to increase luxury spending over the next 10 years.

Of note to jewelry retailers: The study found Xoomers are 41 percent more likely to pay a premium for men's jewelry and 50 percent more likely to pay a premium for men's watches.

"Our research shows that marketers have tremendous incentive to throw away the stereotypes about the Xoomer generation and recognize their strong purchasing power and an increasing appetite for luxury goods," said Peter King Hunsinger, vice president and publisher of *GQ*, in a statement.

GQ commissioned Twentysomething Inc., an independent marketing research firm, to conduct the study. A total of 1,204 surveys were completed between Feb. 27 and March 21, 2006. The survey was a 23-minute online questionnaire consisting of 50 close-ended questions.


FEDERATED ANNOUNCES AVAILABILITY OF HSA QUALIFIED HEALTH PLANS

Federated Insurance is pleased to announce the availability of four new Qualified High Deductible Health Plans. These consumer-driven plans will allow eligible members to contribute to a Health Savings Account (HSA).


The addition of the Qualified High Deductible Health Plans expands Federated's health care options for

affordable health insurance coverage. The combination of the qualified health plan, along with the HSA can help control health care costs and provide tax-advantaged benefits for eligible members. Federated's Marketing Representatives can help inform business owners and their employees about the fundamentals of the qualified plans and the Health Savings Account.

If you are interested in learning more about these new products, contact your Federated Marketing Representative for more information.

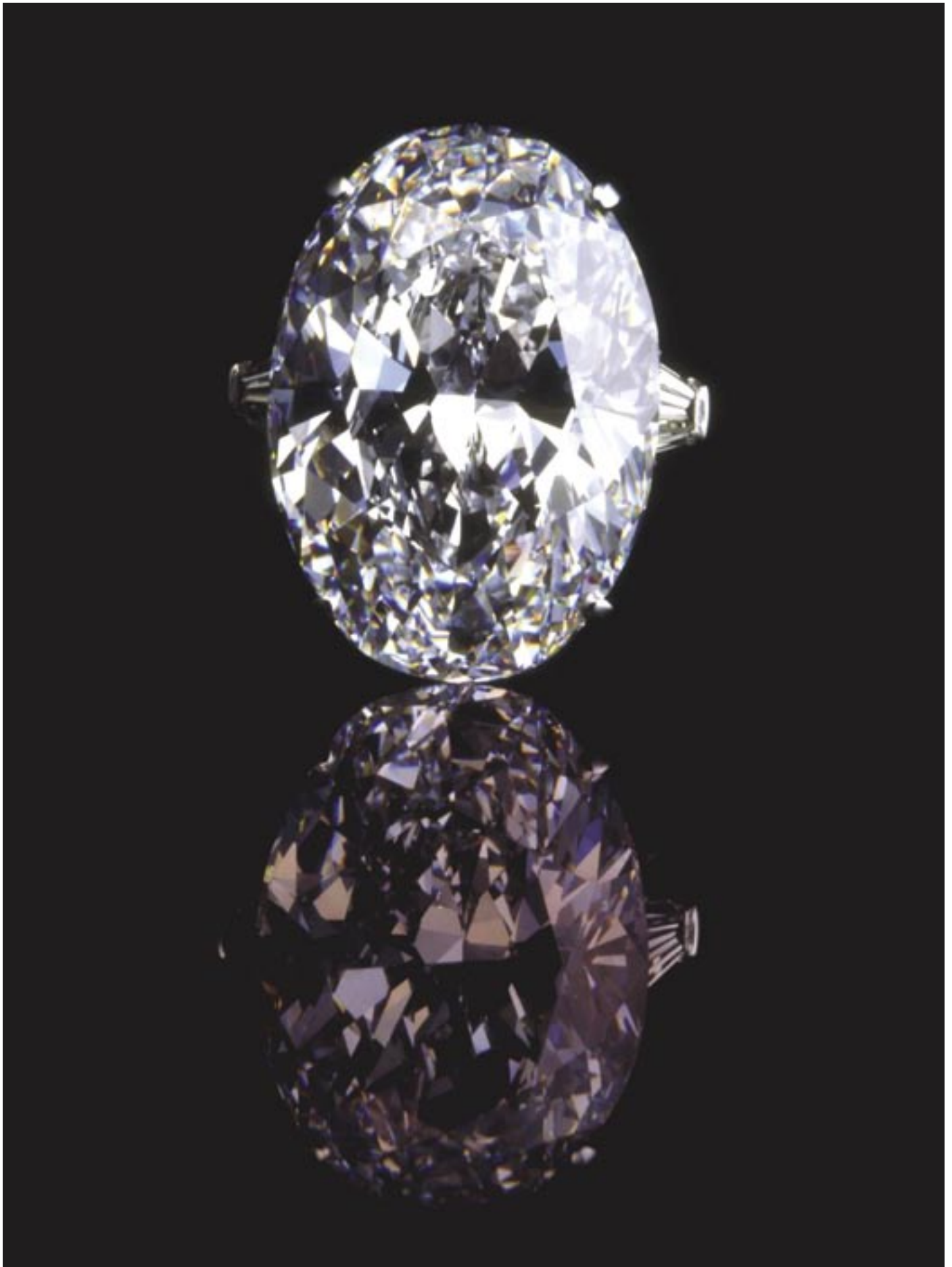


J. Patrick Diamonds Inc.



Loose Diamonds 30% - 50% Off Rapaport!
\$40 Million Dollar inventory of loose diamonds
available at competitive pricing and generous terms.

5956 Sherry Lane, Suite 1410 • Dallas, Texas 75225
 (817) 318-0089 office • (214) 802-6797 cell • jpd@sbcglobal.net



NO RED CARPET for CONFLICT DIAMONDS

AS MOVIE-GOERS QUESTION THE PURCHASE OF DIAMOND GIFTS THIS HOLIDAY SEASON, USE OUR HANDY GUIDE ON PAGE 10 TO ANSWER THEIR QUESTIONS AND CLOSE THE SALE.

BY JULIE TERESHCHUK

MARK YOUR CALENDARS for a date night December 8, when *Blood Diamond* starring Leonardo DiCaprio is scheduled to open in theatres across Texas.

And be prepared. Hollywood's unleashing of this blockbuster may move the issue of so-called conflict diamonds into the spotlight for your holiday gift-buying customers.

While jewelers know that great efforts have been made to prevent the use of these beautiful gems to fund ugly wars, insurgencies and terrorism, the movie-going public will likely need to be re-educated, and updated, on the strides made by our industry.

On screen DiCaprio plays a shady South African mercenary who meets an impoverished diamond miner. This being a story out of Hollywood, the two men embark on a journey to recover a rare pink diamond.

Set in Sierra Leone, Africa the action takes place against the backdrop of the

chaos and civil war that enveloped the country in the 1990s.

The setting is a classic example—albeit out-dated—of the circumstances that spawned the “blood” or “conflict diamond” trade. (That is, diamonds mined in a war zone and sold, usually clandestinely, to finance an insurgent or invading army's war efforts.)

During the 1990s, conflict diamonds represented approximately 4% of the world's diamond production. In addition to Sierra Leone, illicit rough diamonds were used by rebels to fund conflicts in Angola, Liberia, Ivory Coast, the Democratic Republic of Congo and the Republic of Congo.

These countries are now at peace—with rebels no longer trading in conflict diamonds—and are participants of the Kimberley Process. (See the sidebar for a refresher on this world-wide initiative.)

Rather than viewing the movie as a damper to holiday sales, the Jewelers of America

welcomes the release of *Blood Diamond*, explained spokesperson Peggy Jo Donahue. “It sheds light on a terrible incident in Sierra Leone's history—one that we, as an association representing jewelers, are working hard to ensure never happens again.”

That's the reason Jewelers of America supports the Kimberley Process. “Our members can assure their customers they only source non-conflict diamonds,” explained Donahue. “This assurance should help jewelers avoid a decrease in sales due to the movie's effects.”

One thing is certain: the movie will raise questions in your customers' minds this holiday season.

So keep the following helpful Q&A guide handy. The suggested answers will not only inform your client but also give them the confidence that they are working with a true professional.

Continued on page 10.

Answering Questions about Conflict Diamonds



Continued from page 9.

Q: Can you guarantee all your diamonds are conflict free?

A: Kimberley Process authorities monitoring the diamond trading system worldwide estimate that 99% of all diamonds are now traded through the Kimberley Process and certified to be from non-conflict sources. We diligently adhere to the World Diamond Council's system and require all our suppliers to warrant that their diamonds came from these non-conflict sources.

TJA members, by the way, are required each year when they renew their membership, to sign a Code of Ethics that requires them to not trade in conflict diamonds.

Q: And the 1% of diamonds that Kimberley doesn't cover?

A: Diamonds from those areas are barred from the Kimberley trading system. Since we require our suppliers to warrant that our diamonds come through the Kimberley system, we're confident our gems were sourced legitimately.

Q: What about the diamond diggers, in countries like Sierra Leone, working in open diamond fields and earning less than \$1 a day?

Eliminating Conflict Diamonds: The Kimberly Process

CONFLICT DIAMONDS CAME to the attention of the world media during the extremely brutal conflict in Sierra Leone in the 1990s. The United Nations, governments, the diamond industry and non-governmental organizations (such as Global Witness, Amnesty International and Partnership Africa Canada), recognized the need for a

global system to prevent conflict diamonds from entering the legitimate diamond supply chain and thus helping to fund conflict.

They developed an agreement called the Kimberley Process, which requires participating governments to ensure that each shipment of rough diamonds be exported/imported in a secure container, accompanied by a uniquely numbered, government-validated certificate stating that the diamonds are from sources free of conflict.

Under the Kimberley Process, diamond shipments can only be exported and imported within co-participant countries in the Kimberley Process. No uncertified shipments of rough diamonds will be permitted to enter or leave a participant's country, ensuring conflict diamonds do not enter the legitimate diamond supply chain and thus cannot be used for illegitimate purposes.

In November of 2002, 52 governments ratified and adopted the Kimberley Process Certification System, which was fully implemented in August of 2003.

Today, 69 governments, in partnership with the diamond industry and NGOs, are committed and legally bound to

As *Blood Diamond* shines the media spotlight on our industry, encourage both your customers and staff to visit the World



Diamond Council sponsored website, diamondfacts.org, to learn the other side of the story. Help them understand the positive role diamonds are now playing in many parts of Africa as a force for development in some of the world's poorest countries.

Human rights organization, Amnesty International, has produced an informational flyer for consumers entitled, "Are you looking for the perfect diamond?" The flyer is available on their website: www.amnestyusa.org/diamonds

Although some NGOs criticize weak controls and enforcement, Kimberley Process participants undergo periodic reviews, along with peer monitoring to ensure compliance. All rough diamond sales are independently audited, and are also subject to separate governmental regulations. Any country that is found not to be in compliance can be sanctioned by the Kimberley Process.

Julie Tereshchuk is a freelance writer based in Austin, Texas.



The Flex-Shaft

A Tool of Diversity

KAREN A. CHRISTIANS

FLEX-SHAFTS SIT ON EVERY jeweler's bench and in classrooms for jewelry makers all over the world. Next to a jeweler's bench, they are one of the most recognizable pieces of equipment that identifies the profession of a bench jeweler or designer goldsmith; yet they are one of the most misunderstood tools in the arsenal of the maker.

One of the challenging tasks facing the modern bench jeweler and budding metals enthusiasts is maintenance and motor selection. Similar to your car, a flex-shaft also needs regular cleaning and changes in lubricants to keep its motor in tiptop condition. Often, bench jewelers are given a hand-me-down unit used by their grandfathers, and are left wondering why the handpieces heat up or the motor sounds like it is filled with mashing marbles. To help prevent this, always check the flex-shaft's "brushes," the tiny lengths of carbon attached to a spring, for length and wear. (Figure 1) They are easily replaced for about \$12, and are much cheaper than purchasing a new unit.



Figure 1. Flex-shaft's Brushes.

For the new jewelers to the field, flipping through the pages of a jewelry tool catalog is daunting. They often ask, which one is right for me? The answer will depend on the intended usage.

Light Duty: Jobs that typically require higher speeds (e.g., polishing and drilling) with light to moderate tool application pressures (low torque needed) for short periods of time (one to three hours per day of continuous use).

- 1/10 hp universal motor
- 18,000 rpm maximum speed
- 115 volts
- .8 amps

Medium duty: Jobs that typically require high to medium speeds (polishing, burring, drilling, application of high-speed abrasives) with moderate tool application pressures (medium torque needed) for long periods of time (one to five hours per day of continuous use).

- 1/8 to 1/5 hp universal motor
- 18,000 rpm maximum speed
- 115 volts
- 2.0 amps

Heavy duty: Jobs that typically require high to low speeds (heavy polishing, grinding, burring, application of abrasives) with moderate to high tool application

pressures for long periods of time (one to five hours of continuous use).

- 1/3 hp permanent magnet motor
- 15,000 rpm maximum speed
- 115 volts
- 2.6 amps

When selecting a motor, you'll many times have a choice between unidirectional or bi-directional (i.e., reversible) motors. Reversible motors do have some drawbacks: fluted burs and drills will not cut in reverse, and changing direction too rapidly could damage the motor. On the other hand, they also offer greater versatility, and can be a real plus for the bench jeweler. Their advantages include:

- *Ease in backing out drill bits from boreholes.* This is especially useful for lapidary work. If you've ever had a problem drilling a post-hole in an expensive stone, pearl, or intarsia pendant, then possessing a flex-shaft with reversing capabilities is priceless.

- *Greater control for left-handed operators.* While forward rotational direction provides the best tool control for right-handed operation, there are many lefties among bench jewelers. Also, forward direction cuttings can throw dust and debris into the operator's face. With reverse rotational direction, that debris is thrown away from the user.

BENCH TIPS:

THE 60 SECOND TUBE SETTING

Now that you have found the right system for the jewelry work you do, there are some great accessories and bench tips to help you in your fabrication. One of these is the 60 Second Tube Setting.

Tube settings are an elegant way to add height and intrigue to a finished jewelry piece. They can spice up toggles or add decorative architecture to a ring. Nevertheless, the best thing about tube settings is that they're quick and easy to make. With a few simple tools and your handy flex-shaft, you can fabricate tube settings in a jiffy—60 seconds to be exact.

Andy Cooperman of Seattle—professor of metals, goldsmith, studio jeweler, and contributor to the Orchid e-mail forum on www.ganoksin.com—demonstrated the tube setting technique described here at a pre-conference workshop for the 2002 SNAG (Society of North American Goldsmiths) Conference in Denver. This time-saving technique takes advantage of the versatility and speed of the flex-shaft. It's suitable for use on diamonds, sapphires, rubies, or any lab-grown stones that can withstand the heat from torch soldering.

My studio-mate, Jamie Sachs, tested this technique. He had never previously fabricated a tube setting, but created one perfectly using this method. It's truly a bench tip that's eye-opening for novices and professionals alike.

To perform a tube setting using this technique, you'll need the following tools:

- A setting bur and a ball bur appropriate for the size of stone you are setting.
- A #30 Foredom handpiece.
- Lubricant
- A gemstone (cabochon or faceted).
- A vise or Benchmate.
- Gold, copper, sterling silver, or brass tubing
- A brass or steel burnisher

1. Select the appropriate size setting bur for your stone. In this example, I am using a 3.5 mm machine-faceted natural blue sapphire and sterling silver tubing that has

a 4.07 mm outside diameter and a 3.27 mm inside diameter. Cut the tubing to 6 mm and insert it into the #30 handpiece. Leave about 3 mm to 4 mm exposed.

2. Insert the ball bur into a Benchmate or vise and fasten securely (Figure 3).

3. This may seem contrary to the way you normally do tube settings with your flex-shaft, but it works well: Rather than attempting to balance the setting bur in one hand and the flex-shaft in the other, grip the flex-shaft handpiece in both hands. This balances your center of gravity over the setting bur.

4. Ream out the tubing with the ball bur (Figure 4). Doing so establishes a center point in the tubing for the setting bur. It also chews away excess metal, thus extending the life of your setting burs. Once you've reamed

out the tubing, replace the ball bur in the Benchmate with the setting bur. With the rotating tubing still in the handpiece, lower the tubing onto the setting bur and cut the seat for the stone.

5. To quickly determine the correct depth of the setting, just rest the stone on the tubing with the culet pointed upward; because the tubing is secure, there is no need to use wax to position the stone. The girdle of the stone should sit just below the rim of the tubing. At this point, the walls of the tube are ready to collapse around the stone. Flip the gemstone back over when ready to set it.

6. The next step is the beauty of this technique. The tubing and the stone are already in the #30 handpiece. Slowly increase the speed on the flex-shaft by pressing 1/4 of the way down on your foot pedal.

GETTING STARTED



Figure 3.
The ball bur is inserted into a Benchmate and fastened securely.

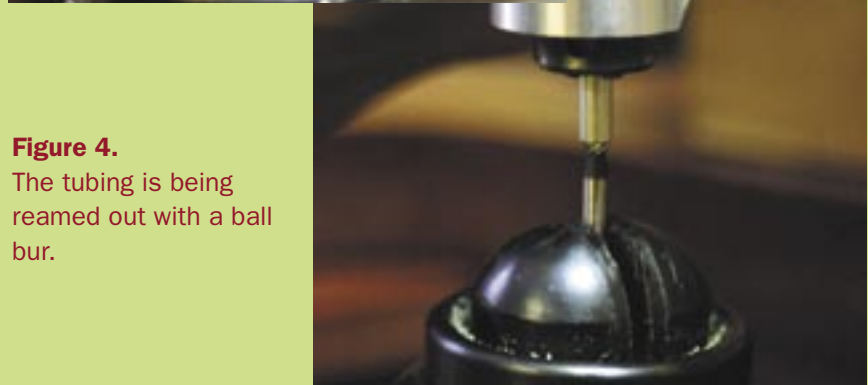


Figure 4.
The tubing is being reamed out with a ball bur.

7. Hold either a burnisher or a flat brass sheet against the wall of the tubing (as demonstrated in Figure 5) Slowly push against the wall of the tubing while it is rotating. Voilà—the stone is set (Figure 6).

8. Polish to the desired finish. Make sure the abrasive you are using is softer than the gem you're setting. Personally, I often use 3M polishing papers for this step. I tape them to a piece of wood to create a handy tool for polishing metal.

Now look at your watch. You'll be amazed how little time has gone by since you started this project. I suggest practicing a few settings in brass at first, but you'll be a pro in no time!

THE ADVANTAGES OF DIAMOND CORE DRILLS

Diamond core drills are perfect for creating perfectly round cylinders for either adding another bezel and stone to an already existing cabachon or creating your own beads and spacers. You will need (Figure 7):

- heavy, preferably clear dish
- diamond core drill
- diamond twist drill (for making beads and spacers) #60
- flex-shaft with #30 handpiece
- water

Figure 7.
here are the supplies needed to produce your own beads or spacers.



THE FINAL STEPS



Figure 5.

The burnisher is being slowly pushed against the the wall of the tubing while it is being rotated.

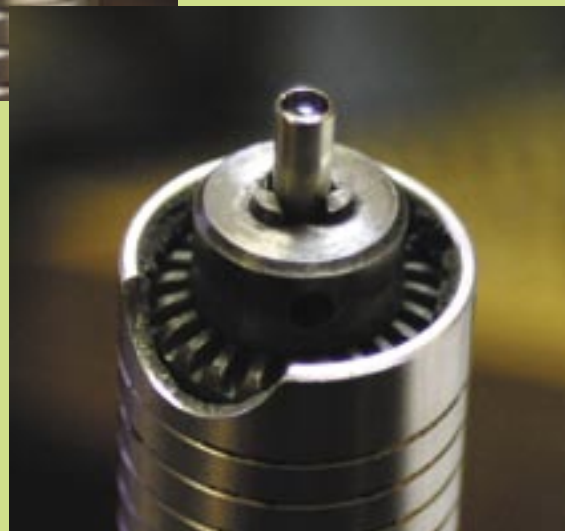


Figure 6.

The stone is now set after the wall of the tubing has been gently pushed around the stone.

TO MAKE A BEAD

1) Place water in the dish until it just covers the stone (Figure 8).

2) Insert your #60 diamond twist drill into your flex-shaft handpiece. With the one hand, hold the stone very steady and pressed against the bottom of the dish. In the other hand, hold the hand piece upright. Because the water does not contact the handpiece, there is little concern as a safety hazard, however, you can cover the handpiece in plastic wrap. A Foredom Drill Press will also work very well.

MAKING A BEAD



Figure 8.
The stone is in a dish with the water just covering it.

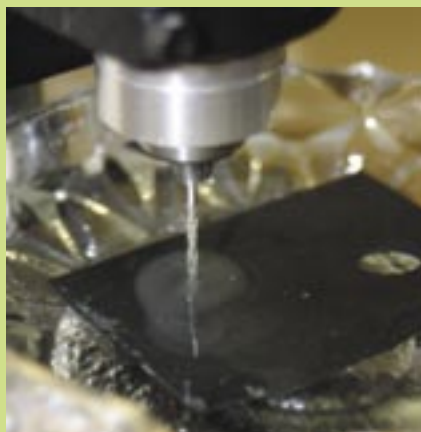


Figure 9.
When the slurry comes up through the water, keep going until you reach the glass.



Figure 10.
After the hole has been drilled, it is time to use a wider core drill.

3) Start the motor very slowly with a small indentation for the twist drill to catch. If your stone is high on the Moh's Scale, such as jade and polished smooth, you can fix a piece of masking tape over the stone. This will allow the diamond drill bit to catch the tape and maintain a steady action for the indentation. Remove the tape.

4) Still maintaining a slow and steady speed, move the drill bit up and down in the stone. You will see the slurry begin to come up through the water. Keep going until you reach the glass. (Figure 9)

5) Once the tiny hold has been drilled, now it's time for the wider core drill. Repeat the same steps as above. Slow is the key here. (Figure 10)

best represents a bead or sandblasted finish is actually an accessory for the flex-shaft. It is called a Texture Wheel (Figure 11). Made of small steel wires, it comes in different sizes.

The best way to figure what texture you need is to make a small texture palette for yourself. That way, when you need a particular texture, you can show your palette directly to the customer and let them choose. From creating textures (Figure 12) to cutting, grinding, polishing

and abrading, the flex-shaft flexes its mighty muscles for all kinds of various tasks. It truly is one of the most diverse pieces of equipment for the jeweler.

Karen Christians is the Director of Metalwerx and the Author of "Making the Most of Your Flex-Shaft," an "Orchid in Print" book published by MJSA Press. Go to www.mjsa.org or www.metalwerx.com for more information.

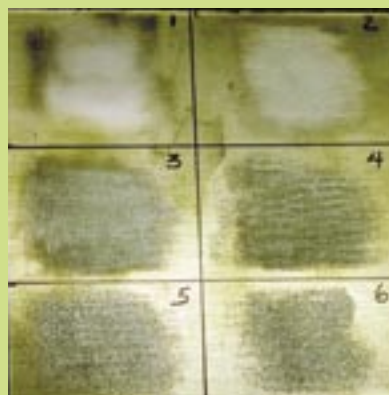
TEXTURING METAL

Sometimes a client will want a textured finish to a ring or pendant. There are all kinds of abrasives to do the job, but the one that

Figure 11.
Texture Wire Wheels



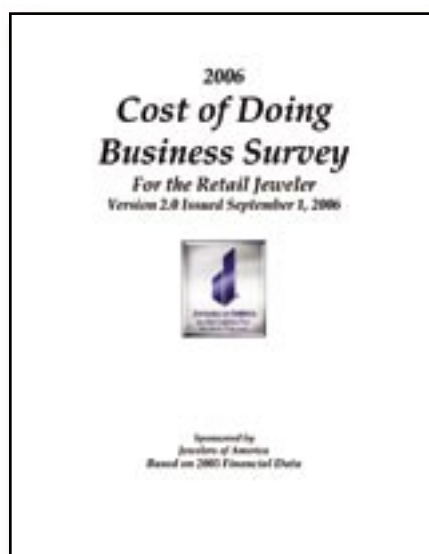
Figure 12.
Sample Palette



JA Publishes

Annual Cost of Doing Business Survey

Retailers' overall sales growth dropped to an estimated 3.9% in 2005, versus 6.1% in 2004



JEWELERS OF AMERICA, the national association for retail jewelers, has released the *JA 2006 Cost of Doing Business Survey*, which analyzes JA member stores' financial data from 2005.

The *JA 2006 Cost of Doing Business Survey* represents the most complete, up-to-date comparative financial information available to retail jewelers in the U.S. JA compiles data from a cross section of retail jewelers: 27.8% responded from independent high-end firms; 56.9% from independent mid-range firms; 6.1% from designer, artist, custom firms; and 6.4% from chain stores.

"The *JA Cost of Doing Business Survey* is a unique and necessary tool for retail jewelers looking to be competitive in today's complex market," says JA President

Chart 1. 2006 Financial Results, All Firms vs. High-Profit

	All Firms	High-profit Firms
EBIT to Total Assets	7.5%	14.9%
Profit Before Tax	4.0%	7.6%
Gross Margin	48.4%	50%
Asset Turn	1.6X	1.8X
Inventory Turn	1.2X	1.3X
Sales per Square Foot—Total	\$478.81	\$566.44
Sales Per Store	\$896,673	\$1,105, 251
Sales per Full Time Employee	\$205,002	\$223,809
Sales for All Employees	\$161,515	\$180,810
Payroll As a Percentage of Sales	20.7%	18.8%
Typical Store Size – Square Feet	2,000	2,029
Employees	5.6	6
Sales Growth	3.9%	7.1%

**Chart 2. Comparative Income Statement For 2006
High-Profit versus Low-Profit Firms**

	All Firms	High-profit Firms
Net Sales	100%	100%
Cost of Goods Sold	50.0%	53.4%
Gross Margin	50.0%	46.6%
Operating Expenses:		
Payroll (Incl. Benefits)	18.8%	22.0%
Occupancy	4.7%	5.6%
Advertising & Promotion	5.1%	4.8%
Employee Training & Ed.	0.2%	0.2%
Other	8.9%	10.7%
Total Operating Expense	39.4%	45.6%
Operating Profit	8.9%	1.4%
Interest Expense	1.0%	1.2%
Other Income/Exp.	0.1%	0.5%
Profit Before Taxes	7.6%	0.7%

and CEO Matthew A. Runci. “Store owners and managers can pinpoint their strengths and weaknesses and, in doing so, evaluate and hopefully improve company performance.”

SALES GROWTH AND PROFIT

According to the 2006 Cost of Doing Business Survey, while overall median sales growth dropped to an estimated 3.9% in 2005 – compared to 6.1% in 2004 – all store categories experienced some level of growth. Chain stores and independent high-end stores saw the highest growth at 4.9% and 4.4% respectively, while independent mid-range stores experienced 2.5% growth.

Store profitability inched upward to 4% in 2005 (it was 3.9% in 2004 and 4.4% in 2003). Gross margins were down slightly – 48.4% in 2005, compared to 49.2% during 2004 – and are at their lowest point since 2000’s 47.4%.

SHARE OF SALES

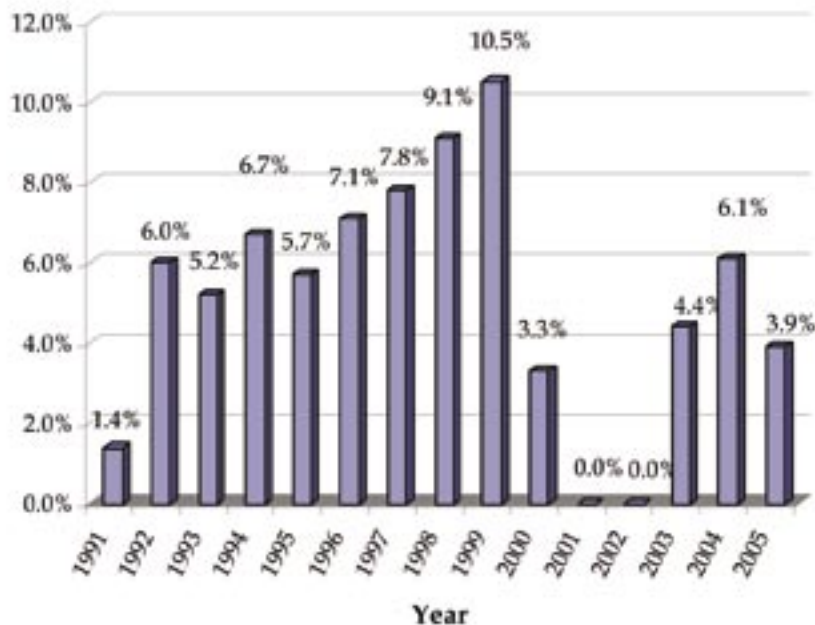
Diamonds continue to represent the greatest share of sales, with diamond jewelry accounting for 33% and loose diamonds representing 15%. Colored stone jewelry (10%) and karat gold (9%) provide the other two largest shares of retailers’ sales.

The survey also shows that customer service does pay off, as repairs bring in 10% of sales for retailers (up 1% from 2004). Sales of timepieces (5%) have stabilized – and even increased slightly.

HIGH PROFIT VS. LOW PROFIT

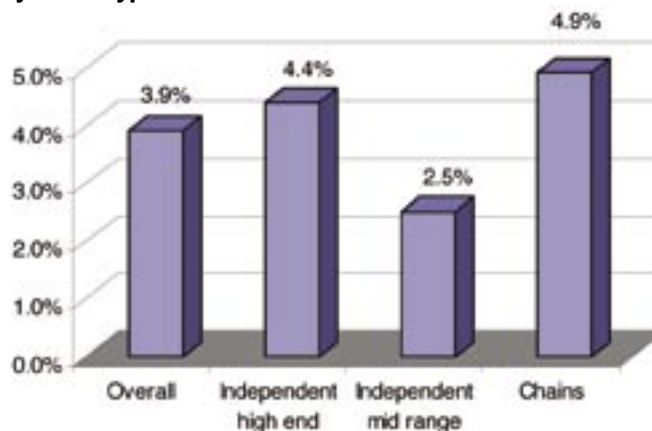
The High Profit and Low Profit data charts in the 2006 Cost of Doing Business Survey can help jewelers define what differentiates high-profit firms from the rest of the pack. There is a connection between profits and sales per square foot, turnover frequency, gross margin return on inventory (GMROI), payroll and operating expenses. For instance, high-profit firms spend a lower percent of net sales on payroll (18.8% compared to the average 20.7% of all firms). As well, high-profit stores have found ways of containing their operating expenses, like paying less for occupancy (4.7%, compared

Change in Annual Sales, JA Members



The industry continues to grow below the level of the 1990s with current year growth estimated at 3.9%. 2005 was once again more challenging than the previous two years.

Growth by store type



While not every jeweler enjoyed a sales increase in 2005, at least every membership category saw growth. In 2005, chains and independent high end achieved the highest median growth.

Continued on page 18.

Continued from page 17.

to 5.6% for low profits). High-profit firms spend about 39.4% on total operating expenses, compared to 45.6% for low-profit companies.

High-profit firms also manage their product inventory more efficiently by: choosing products that provide the greatest return, selling more per square foot, and turning over inventory more frequently. In turn, they experience far greater sales growth (7.1%) than the typical jewelry store (3.9%).

MAKING JEWELRY

A substantial 78.9% of JA member jewelers are making their own jewelry... with a few making all the jewelry they sell. However, median sales of “made” versus “purchased” jewelry are only about 10% of sales. For most (88.2%), this jewelry is sold to consumers only. However, the rest will sell both to consumers and other jewelers.

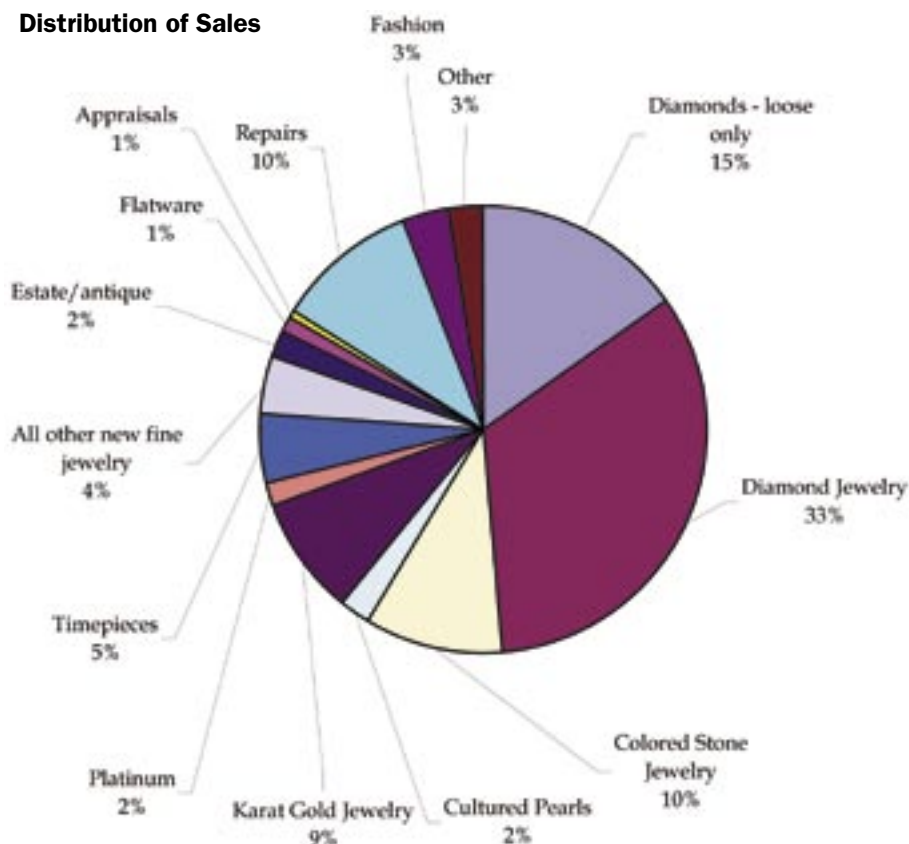
Also worthy of note, jewelers went through a period of growth in the use of the Internet. This growth has leveled off. Very few members are getting a significant percentage of their sales from alternative channels of distribution (i.e. Internet).

ORDER THE 2006 SURVEY

Retailers are encouraged to view the full study, to compare their own statistics with the information contained in 75 pages of detailed data tables that measure key performance areas like expenses, sales growth, distribution of sales, inventory, and asset and financial management.

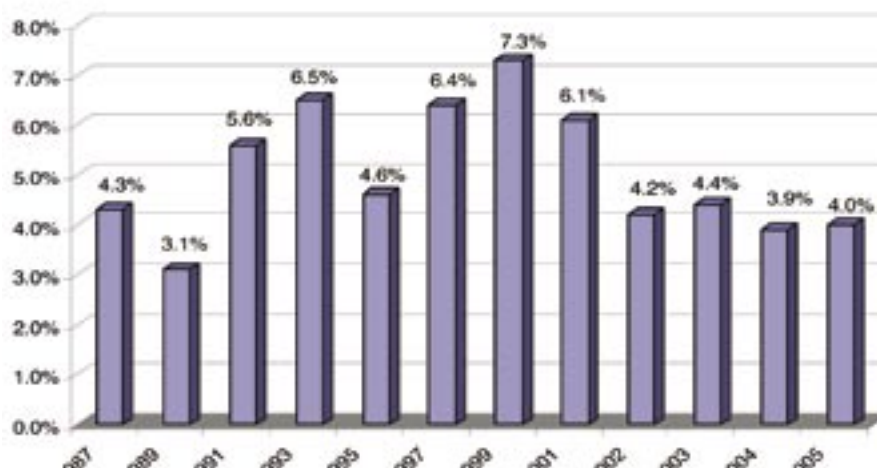
To order the JA 2006 Cost of Doing Business Survey call Jewelers of America at 800-223-0673, or visit JA online at www.jewelers.org. The Survey is available in electronic format or hardcopy to JA members for \$19.95, and to non-members for \$125. (Shipping and handling charges apply.) JA members who participated receive the finished survey for free.

Distribution of Sales



Diamond jewelry and loose diamonds continue to represent the largest category of sales for JA member jewelers. To better understand the origin of sales at JA member stores, the number of sales categories was expanded from previous years.

Net profit of net sales



The profitability of JA member firms has not returned to the “glory days” of the late 1990s. Profitability in 2005 was consistent with the last several years and beat 2004 slightly (by 0.1%).

Everyday Reminders to Protect Your Assets

BY STEVE KONETZKE, CPCU

In the previous issue of *Texas Jeweler*, I talked about the three basic habits of Selling with Security. The habits are to meet and greet each customer who enters the store; waiting on one customer at a time and showing only one item at a time, and finally, keeping showcases locked when unattended.

As recommended by Jewelers Mutual, expanding on the three basic habits includes the following:

EVERYDAY REMINDERS

- Inspect showcases for tampering.
- Exercise proper key control: never leave keys in the showcase lock, on hooks or on the counters. Use wrist key holders.
- Always ask unknown outside salespeople and delivery people (FedEx or UPS employees) for proper identification before doing business.
- Use pre-established code words or phrases to alert other employees of suspicious activities.
- Never turn your back on a customer.
- Keep every slot in a display tray filled with merchandise or marker.
- Station at least two employees on the sales floor at all times.
- Install a door chime on your entrance to alert employees of customers entering the store.
- Do not allow the public to use your restroom.
- Do not display all of your high value merchandise in one showcase; distribute the precious items throughout the store in strategic areas away from the entrance.
- Secure showcase tops with metal clips and adhesive.
- Require photo identification before showing high valued items to the customers.

OPENING AND CLOSING GUIDELINES

Observe your surroundings when you arrive.

Inspect the perimeter of the store for any signs of a possible break in.

Alternate your times and routes when

you go to and from the store, bank, post office and lunch.

Never open or close the store alone: someone with a mobile phone should watch from a safe distance while you enter or exit the store.

When opening up for business, as soon as you entry the store, lock the door. The door should remain locked, only unlocking the door for employees. Do not allow customers or delivery people such as FedEx or UPS in the store until you have

displayed all the jewelry in the showcases and you are ready for business.

At the end of the business day, after the customers have left, lock your door, then proceed to put the jewelry into the safe. Set your alarm and exit the store with an employee a safe distance away observing you close the store.

Steve Konetzke, CPCU, works at Sleeper Sewell Insurance and can be contacted at 210-490-6611 or konetzke@sbcglobal.net.

TEXAS INSTITUTE OF JEWELRY TECHNOLOGY

A Division of Paris Junior College



Offering Training In Jewelry, Gemology & Horology • 2-Day and 5-Week Short Courses
Associate Degrees • Certificates • JA Certification
 Financial Aid/Student Loans
 2400 Clarksville Street • Paris, Texas 75460
1-800-232-5804
www.parisjc.edu — tijt@parisjc.edu



D.A.W. Trading Co., Inc.

Gemstones and Custom Jewelry

Don & Barbara Waisman

P.O. Box 161462
 Austin, TX 78716 (USA)
 512•263•2829
 800•516•2829
 512•263•2740 Fax
 Email: DAWTrading@aol.com

When a **Benefit** Becomes a **Liability**

An error in administration of your benefit program can be embarrassing and costly.

Most employers today offer an array of employee benefits such as health insurance, life insurance, disability income, 401K, pension program, cafeteria program, etc. A great incentive to attract and keep good employees, right?

An error in administration of your benefit program can be embarrassing and costly. It may also create mistrust in your organization, especially if an employee suffers a financial hardship.

For example: When a new employee enrolled in a company's health program, he requested dependent coverage. However, someone in the employer's office failed to check the appropriate box on the enrollment form. A few weeks later, the employee's wife became seriously ill. Hospital and doctor bills piled up and collection agencies began calling. The employee's performance suffered for obvious reasons and countless hours were spent trying to resolve the situation.

Most general liability insurance policies will pay only for bodily injury or property damage caused by an actual occurrence. In this example, there is no bodily injury or property damage caused directly by the mistake. Therefore, no coverage applies.

As your business grows or you add different benefits, the risk of making administrative mistakes increases. "Employee benefit liability coverage" generally provides protection for damages you may be legally obligated to pay, arising from an error or omission in the administration of your health insurance plan or other employee benefits.*

Your employees depend on the benefits you provide as part of their employment. Don't let a simple administrative mistake turn a valued benefit into a liability for your business.

*The claim must be made during the policy period for coverage to apply. See your insurance policy for specific terms and conditions.

This article provided courtesy of Federated Mutual Insurance Company.

WWW.KJIS.COM

Katzenellenbogen, Jewelers Insurance Specialists, Inc.

Assisting jewelers with quality insurance for over 20 years.

Coverage is primarily with Lloyd's of London.
Domestic markets also available.

Tel # (713) 988-3220

International School of Gemology

www.SchoolofGemology.com

ISG Gemology Classroom-At-Home DVD Lecture Series

Individual Courses Offered:

Pearls
Diamonds
Colored Gemstone Grading
Colored Gemstone Identification
Identification of Synthetic Gemstones
Introduction to Watches

This new concept in gemological training gives you the experience of a classroom setting without the financial expense and time delays that go along with having to travel and be away from home for extended study periods.

***Total cost including all course material and complete
DVD/CD lectures and reference materials:\$495.00***

**registration@schoolofgemology.com
210-877-5816**

Member

American Gem Trade Association • Texas Jewelers Association • Jewelers Vigilance Committee

The Fame Game

BY JEFF CRILLEY



EVERYONE DREAMS OF BEING ON

Oprah, but most don't have a clue what to do to make it happen. Heck, let's be honest. Most of us would be thrilled just to get someone in the media to pay attention to us. Well, you can. You just have to take control of your own PR and know how to finesse the press.

After more than two decades of beating the street as a TV reporter, I have a scoop for you: the media needs good stories. But most stories are pitched so poorly, they are lost in the blizzard of faxes that blanket every newsroom.

So, here are a few steps to increase your chances of getting covered that even some PR pros don't know:

1) CHOOSE THE RIGHT REPORTER

Perhaps the most common mistake even the largest PR firms make is trying to sell a good story to the wrong person. Most reporters have a specialty, like "crime" or "business."

So, seek out the reporter who will have the most to benefit from your story. Start studying the news. Before you call a TV station or try and pitch the paper, become familiar with a reporter's work. Don't pitch a light, fluffy feature story to someone who tells the "murder" and "fire" stories.

Watch your local news differently. Where would your story fit best? Would you be a good guest for the morning shows? Flip channels. Find the right show to pitch your story to.

It's amazing how many people try and get themselves on the news without ever having watched the news!

2) STOP KILLING TREES

If you're simply blindly sending faxes, letters or emails into newsrooms, all you're doing is killing trees.

I discovered something in the course of writing my book that even the largest public relations firms don't completely understand. The press release system is broken. It worked in the 50s, 60s and 70s. But by the 80s everyone had a fax machine and by the 90s everyone had email.

At my TV newsroom in Dallas, we get 1,000 press releases a day! That's like two Harry Potter books put together! They aren't being read folks! They're getting a one-second glance and getting thrown in the trash.

3) USE THE PHONE

The best way to pitch a story is on the phone or face-to-face. Most of us don't have the luxury of driving down to the paper or TV station to talk to the reporter or morning show producer in person, so do the next best thing—call them.

With the internet, most folks have

forgotten that "high touch" will beat "high tech" every time. And authors, please make the call yourselves. When a public relations person calls on your behalf, we journalists still don't know if the author will actually be a good guest. When you call yourself, it's an audition for the interview. I can usually tell in the first few seconds of a call whether someone will be good on TV or not.

So be interesting. Be passionate about your subject matter and make sure that you put the emphasis on the message and not the messenger. You could offer advice on so many things—the do's and don'ts in picking out the perfect gift, what your jewelry says about you, hot new looks for next season, etc.

Take a chance. Pick up the phone and give it a shot. And be sure and tell Oprah I said "hi!"

Jeff Crilley is an Emmy Award Winning Reporter who speaks at no charge on the subject of PR. To book Jeff for your next meeting or to learn more about his book, Free Publicity, visit www.jeffcrilley.com.



\$60

\$40

**Same shipment.
Same destination.
Different price.**

Which one would you choose?
Ask about preferred pricing for TJA members.

Mention this ad and get a \$25 credit when you open a free account.

BILLBONESERVICE.COM
800-421-SHIP
WWW.ONESERVICE.COM



Playing It Safe

Over the Holiday Season

Tips for Avoiding Chargebacks

BY AUGUST HARRIS



IT'S NO SECRET; business is tough. It is competitive. You want the edge and you need the edge to make that sale. Sometimes that means taking chances. This is a reminder to you to play it SMART – particularly as the holiday season is upon us. As I was thinking about what to visit with you about, this subject came to mind because of a recent incident experienced by a client of mine and one of your fellow jewelers.

Yes, this is about the dreaded chargeback. I can't stress this enough—each of you, regardless of your clientele, your location, or your business model, are potential targets. Chargebacks can result from fraud or a customer dispute, legitimate or not. And you have to deal with the consequences either way. The possibility of chargebacks

can be minimized by CONSISTENTLY using risk mitigation practices.

Fraudulent schemes are prevalent today. We hear daily about the latest victim or the latest scam. Visa, for one, advises merchants to watch for transactions with the following characteristics:

- First time shopper;
- Larger-than-normal orders;
- Orders consisting of several of the same item;
- Orders made up of “big-ticket” items;
- Orders shipped “rush” or “overnight”;
- Orders shipped to an international address;
- Orders shipped to a single address but made on multiple cards;

- Multiple transactions on one card or similar cards with a single billing address, but multiple shipping addresses.

In the case I mentioned above, the jeweler's fraudulent customer met the characteristics above to a “T” except that the transaction originated in New York and not in a foreign country. Had he noted the above referenced, he might not have gotten stuck with a fraudulent charge.

There are a number of ways criminals can get cardholder information such as discarded receipts, system hacking, deceptive solicitation or fraudulent data collection from which they can recreate legitimate cardholder information to be used for illegitimate purposes. (This is a gentle reminder for you to look at your point of sale equipment to make sure it is truncating credit card numbers – the fines for noncompliance are stiff.) If a card has not been reported as stolen and the criminal has obtained complete information, it may be hard, barring the characteristics above, to determine if a transaction is fraudulent at the point of sale.

So what can you do? Knowing your customer is always paramount but when that is not possible, using tools like address verification, CVC2/CVV2 card verification, and Verified by Visa® can provide protection. At the moment, your transactions won't get downgraded for failing to collect the card verification codes but, frankly, you would be foolish not to do so. In the event of a chargeback, it is doubtful that you would prevail without it. And under most circumstances in a card-not-present environment, you can be

held liable for a chargeback even when an authorization is given.

It would be advisable, especially with larger transactions, to have the customer fax you a copy of their driver's license as well as the front and back of the credit card. While electronic verification is certainly less time consuming and less intrusive for both you and your customer, getting the latter provides you with a greater level of protection.

A final note on shipment. Don't provide tracking numbers to your customers and don't allow the shipment to be redirected. There have been incidences of merchandise redirected from legitimate addresses that have resulted in loss. Also, require that shipping and credit card billing addresses match.

We at Covenant Financial Solutions LLC can provide additional Best Practices information to help you mitigate risk so don't hesitate to contact us 512-320-8808. We wish you a safe, secure and prosperous holiday season.

Finally, a complete system for Pricing Repairs & Custom Design!

Easy to use at the counter – make more money!

Blue Book Kit Contains:

- 312-page Price Book
- Over 2,500 prices
- 4 time markup on labor
- 3 time markup on Findings
- Finding Stock Numbers Included in book
- Counter Mat—"Refinishing"
- 8 instructional audio CDs
- Store Owner
- Selling Repairs
- Tour of the book
- Bonus CD
- 3 times larger Quickie Slide Calculator



Only \$299 plus shipping

**To Order, call 404-255-9565
or visit www.JewelerProfit.com**

Geller book download now available for *The Edge* and *Jewelry Shopkeeper!*

YOUR TJA FALL KICKOFF

COVENANT FINNCIAL SOLUTIONS LLC



**Call us Today at 512-320-8808
Out of Austin Metro at 866-320-8808**



TJA Members Can Receive Credit Card Services at Huge Savings.

**Compare Our Exclusive Benefits with Your Current Service &
See The Difference For Yourself!**

For all qualified retail storefront TJA MEMBERS that enroll by September 30th.
Rates valid through your last settlement on February 28, 2007:

- Qualified Visa and MasterCard credit card rates of 1.79%
- Qualified Visa and MasterCard debit card rates of 1.55%

No Application Fees, No Monthly Statement Fees, No Annual Fees, Free Reprogramming of Existing POS Terminals, Discounted Replacement of POS Terminals And Software, (Trade-In Credits Are Available) Free Credit Card Processing Supplies, Toll Free Customer Service and Tech Support Lines 24/7, Online Real-Time Reporting Available

Also Available: Internet Gateways, Comprehensive Check Guarantee,
Check Conversion & Gift Card Programs
Fraud Prevention and Awareness Programs

CFS, LLC Represents U.S. Merchant Systems, A Registered ISO/MSP for HSBC Bank – US/ Buffalo, NY Members FDIC

The Clock Starts Ticking

How not to bomb out with waiting customers

BY BOB JANET



I WILL MAKE THIS QUICK. I know you are busy...

We are a very impatient nation. It's a nation that gets antsy after 20 seconds on hold on the telephone and 3 minutes max in a line. A nation that wants everything so fast we purchase our meals at drive through restaurants. Do our banking and buy our prescription drugs out of the car window. We don't even get out of the car to have our oil changed or wash the car.

If you ask your customers, "Do you feel more time-poor or money-poor," the answer almost always is time-poor.

Your customers walk in the door, call you on the telephone or answer your call with the clock ticking.

And if they perceive you are not efficient, thinking it will take more time than they mentally allowed the clock ticks even faster.

WHAT YOU SAY IS WHAT THEY EXPECT.

I was patiently waiting my turn to talk to a salesperson in a local Sun Com store, shopping for a new cell phone provider,

when another customer came in. One of the salespeople did the right thing, immediately acknowledging the presence of the new customer by excusing herself from her customers and quickly saying, "Welcome to Sun Com. There will be someone with you in a few minutes." The customers immediately responded, "How long is a few minutes?" "Five," replied the sales woman. The customer glanced at his watch and the wait was on. I positioned myself next to the waiting, impatient customer, and at exactly five minutes from the sales woman's statement, he looked at me and said, "Her five minutes are

up." And then he walked out of the store.

TWO CUSTOMERS AT ONCE. WHAT DO YOU DO?

How do you use your voice mail to gain customers, and not chase them to the competition?

You see it happen all the time. It happens to you. You are standing at the counter making a purchase and the business telephone rings. Immediately you are forgotten in the salespersons mad dash to answer the phone.

Or, you are talking on the phone with a salesperson and they put you on hold to answer another line.

Some businesses make it the policy to leave you standing and answer the telephone. Their thinking is, we got you as a customer, we do not want to lose the one calling.

Our policy: The customer in front of you, the one you are talking with, deserves all of your attention. Always have someone else available to answer the telephone. If

that is not possible, have a strong 100% customer-centered voice mail message that gains the caller's interest and compels them to leave you a message and wait for your return call.

A strong 100% customer-centered voice mail message is one that gives the customer an overwhelming reason to wait for your call back. One loaded with the benefits they will receive from you. One loaded with proof that they are not wasting their time waiting for your call back.

It is estimated that 50% of the callers who receive a voice mail message do not leave their name. They hang up and call your competition.

Most voice mail messages sound like this, "I am sorry I cannot take your call. I am either on another line or away from my desk." That message will chase the customer to your competition. They will hang up and call the next supplier of your products and services.

7 STEPS TO A 100% CUSTOMER-CENTERED MESSAGE

1. Proper greeting (tells the caller they have the correct telephone number). Always give your name and business.

"Hello, this is Bob Janet, Sales Growth Now"

2. Inform the caller that you are not able to answer the phone.

... I am sorry I am unable to take your call...

3. Give them a 100% customer-centered reason why you cannot take their call. Make the reason about the customer, not about you.

...As I am helping a client increase sales and profits, the same way I will help you increase sales and profits...

4. Ask them to give their contact

information and a message. Asking for a message gives them the feeling you care about their problem.

...if you will please leave your name, number and a message...

5. Assure them you will call them back.

...I will return your call...

6. Give them the time increment in which you will return their call (if possible).

... within the hour..."

7. Thank them.

...Thank you."

"Hello, this is Bob Janet, Sales Growth Now. I am sorry I cannot answer your call as I am assisting a client to increase their sales and profits. The same assistance I will give you if you will please leave your name, number and a message. I will return your call within an hour. Thank you."

When recording your message, remember to "Smile" while you are talking. Remember, when greeting prospects face-to-face your voice accounts for only 33% of your effectiveness. In a telephone greeting your voice accounts for 84% of

your effectiveness. By simply smiling, your vocal quality, pitch, tone, and inflections are more pleasant and convey the feeling of care and concern to the prospect.

When the Clock Starts Ticking, make

sure it is not a ticking bomb.

Bob Janet is a sales consultant/trainer, speaker, and author of "Join The Profit Club"
To contact Bob, visit www.BobJanet.com.



helen
cole
jewelry art

Stones Cast in Place

custom design
www.helencole.com



THE CLASSIC
2.5 MM Half-Round

THE COMFORT
3 MM Comfort-Fit

THE CONTEMPORARY
4 MM Comfort-Fit

All rings available in:
Platinum, 18K White & Two-Tone,
14K White & Two-Tone

*The Cathedral*TM
Finest Quality Die-Struck Solitaire

10 setting styles
for 7 stone shapes
from .25 carat to 5 carats.

Join our Cathedral Partner's Program and receive:
10% discount on all Cathedral Rings, Showcase Ring Tray,
Cathedral Selection Guide, Point-of-Sale Brochures, and Media Kit CD!

roseco[®]
inc.
For the quality minded jeweler.

800-527-4490
13740 Omega Rd.
Dallas, Texas 75244
email: roseco1@msn.com



Telephone Doctor

Secrets of Successful Interviewing

BY HUGH MURRAY & DAVID FRIEDMAN

HIRING ERRORS RANK AMONGST

the costliest of common business mistakes. A recent study showed the direct costs associated with a poor hiring decision of a mid-level manager approached \$40,000.

What strategy is in place at your organization to lower this risk and maximize your chances of hiring the right person the first time? Organizations willing to make an up front investment to train team members on proper interviewing and recruiting techniques will earn big dividends on such an investment.

The purpose of this article is to provide a quick introduction to behavior-based interviewing. This topic can be complex so reader's wishing to learn more are invited to review the new DVD-based course mentioned on our website.

WHAT IS BEHAVIOR-BASED INTERVIEWING?

Behavior-based interviewing is a technique where questions are asked about past behaviors. It is effective because past behavior is the best indicator of how a person will behave in the future.

Behavior-based interviewing is different from biographical interviewing. Biographical interviewing also involves asking questions about the past and is what most interviewers usually do.

In biographical interviewing, you ask questions like, "I see you worked in the engineering department for three years. What exactly did you do there?" You are likely to get an answer like this: "I worked on the design of the T54. My job was to take the specifications that the market research department had generated and convert this into an engineering specification." This is useful information and you will often need to ask questions like this before you can ask behavioral questions.

A behavioral question goes deeper. It focuses on one specific incident, sometimes called a critical incident, and probes to find out how the individual behaved during that incident. An example of behavioral question is: "Can you tell me about a time during your work on the T54 when you realized that you were not going to complete a drawing on time? ("Yes"). What did you do?"

Behavior-based interviewing is also different from hypothetical interviewing. An example of a hypothetical question would be: "What would you do if you realized that you were not going to complete a drawing on time?" This can be useful for understanding someone's thought process but not a reliable indicator of what someone will actually do. Someone could tell you that if the building caught fire they would rush repeatedly into the flames, rescuing children, cats and old people. What is more, they might believe it. But this does not mean that in an actual fire they wouldn't be tripping over children and elderly ladies in their rush to escape.

Behavior-based interviewing is also called competency-based interviewing or critical-incident interviewing.

WHAT IS BEHAVIOR AND WHY DOES IT MATTER?

When psychologists talk about behavior, they refer to all the responses that a person has to a stimulus. This is different from the everyday use of the word, where we tend to talk about children behaving badly, for example. The psychologist means everything that goes on in and from a person in a particular situation. This includes what they think, what they feel and what they do. Being scared is behavior and laughing is behavior.

At work, we are interested in the way people do their job. This is observable behavior. All sorts of things might be going on beneath the surface but the part we can see is the way they do their job.

When we recruit somebody, we want to know how he or she will approach his or her job. In other words, what their observable behavior will be. The best indicator of this is their past behavior and that's why the behavior-based interviewer is interested in it.

A person's observable behavior is like the tip of an iceberg. It is the visible portion of a complicated mass of things we cannot see. These are things like how the person feels and what he or she thinks, what motivates the person and what traits they have. In other words, behavior stems from the underlying personality, in all its complexity, of the person concerned.

We cannot begin to understand all that is going on beneath the surface. Much of it is not even known to the person himself or herself. But behavior is remarkably consistent. If a person is scared of heights atop the Sears Tower, they are likely to be scared on the 82nd floor of the Empire State building. We do not have to understand

everything that is going on inside to make predictions about how someone will behave in a given situation.

Does this mean we cannot change our behavior? Certainly not. But we all have natural characteristics, which tend to assert themselves again and again. We can adjust these and in some cases, such as overcoming a fear, we can change our behavior, but past behavior remains the best, though not a perfect, indicator of how we will behave in future.

THE ADVANTAGES OF BEHAVIOR-BASED INTERVIEWING

The advantages of behavior-based interviewing can be summed up as:

- Effective
- Objective
- Transparent
- Legal
- Effective

The key advantage of behavior-based interviewing is that it gets better results. Behavior-based questions find out how

people have actually behaved in the past. This gives you a much better indication of how they will behave in the future.

OBJECTIVE

Behavior-based interviews focus on what someone actually did and how they actually did it. They then compare the way someone has actually behaved with behaviors that the interviewer is looking for. This is an objective process, unaffected by subjective feelings that the interviewer may have.

TRANSPARENT

Behavior-based interviewers are open with candidates about the skills they're seeking. This enables them to involve the candidate in helping them in the process. Otherwise, an interviewer might miss a good candidate because the candidate fails to recognize what the interviewer is looking for and not provide the right information. The candidate can't tell the interviewers "what they want to hear" because he or she will be describing actual events. The candidate would have to

quickly construct a complicated lie to do this, and that story would certainly not hold up as questions proceeded.

LEGAL

Behavior-based interviews are fair because they are objective. The competencies sought are openly described and all candidates are given an equal chance to demonstrate that they have those competencies. Provided every candidate is asked for evidence of the same competencies, and provided those competencies are genuinely necessary to the performance of the job, organizations will avoid discrimination by asking behavior-based questions. Furthermore, if you are challenged over your reasons for a recruitment choice, you will have objective evidence to substantiate your decision.

For more information about Telephone Doctor, visit www.telephonedoctor.com. Managers and supervisors can request a no-charge, executive preview of a new behavior-based interviewing DVD training course on the website.

Also Exhibit at

- GLDA, WGJ, Tucson, AZ
- JA SHOW, New York, NY
- SJTA SHOW, Atlanta, GA
- Midwest Expo, Madison, WI
- JCK SHOW, Las Vegas, NV
- CJS SHOW, Columbus, OH
- MIDAS SHOW, Dallas, TX

YCH Inc.

50 Mendell ST. #7 San Francisco CA 94124
Tel: 415-970-0188 Fax: 415-970-0189
Toll Free: 800-924-3883
Email: Sales@ychinc.com



THE SPIRIT AND MODERN LIFESTYLE

of the Southwest is captured in the designs of the artisans who reside here, and their continued work in western-style art and jewelry has brought increasing interest to the region. Carolyn Pollack, chief designer and Vice President of Relios, Inc. in Albuquerque, NM, has been creating southwestern-style jewelry for years with that thought in mind. Relios, Inc. is the original southwestern-lifestyle jewelry designer, and along with many of their collectors, agrees that true Southwestern jewelry should be made in the U.S. At a time when most jewelry manufacturing in this country is being done overseas, that is a bold business goal, and it is in keeping with Relios's dedication to the Southwestern lifestyle.

TELL US ABOUT THE COMPANY?

Bill Pollack is the founder and President of Relios, Inc., and he and his wife Carolyn, Vice President and Lead Designer, have built the company into a successful, internationally renowned business over the past 30 years. Relios designs and produces jewelry inspired by the southwestern lifestyle and is dedicated to creating a quality American-made product, based on a design philosophy that reflects the unique culture and imagery of the Southwest.

The Relios's design process focuses on fashion trends and seasonal color to develop a huge array of sterling silver and gemstone products. Currently offering

TEXAS Jeweler

COVER SPOTLIGHT

RELIOS INC. – www.relios.com

over 20 collections within the popular CP Signature™ brand, each group features a unique color palette and inspiration.

The Rodeo Romance collection is our feature this issue, and consists of warm, wearable combinations of earth tones and pinks. Layers and chunky gemstone beads are a very popular style, and this gemstone torsade exhibits natural rhodonite, smoky quartz, red garnet, pink rose quartz, rhodochrosite, and fresh water pearl. The pink found in rhodonite opens up many wardrobe possibilities, from pastels, to burgundy, browns, and neutrals. The ornate silverwork of the pendant is inspired by traditional Spanish tinwork designs and the intricate floral lace worn by Flamenco dancers, resulting in a delicate tracery of scrolls and blossoms that intertwine along a graceful curve.

The tradition of turquoise is an important part of southwestern style, and has a prominent place in our jewelry. The Sincerely Americana collection takes a modern look at this traditional adornment, combining bold sterling silver designs with natural gemstone beads.

Native American history and tradition inspires many of our designs, and some of our most exquisite representations can be found in our Pueblo Patterns collection. Shapes and symbols inspired by Native American pottery can be found in combinations of turquoise, mother of pearl and black agate, set in both sterling silver and sleek 14k gold.

HOW DID YOUR COMPANY GET WHERE IT IS TODAY?

In 1994, Bill initiated a major change in the way the company would operate.

It is his belief that in order for a company to be successful, all stakeholders must be satisfied: employees, customers, vendors, and shareholders. This starts by empowering the individuals within the organization. Bill personally develops and implements training programs, which focus on Team Building. Topics covered include Company Principles, Self-Accountability, Empowering Self and Others, Giving and Receiving Feedback, and Conflict Resolution. Relios' career development and performance evaluation criteria are weighed equally between technical and team building skills.

The Relios five year strategic plan is aggressive, taking the company to a new level in many key areas. In order to achieve double digit annual growth, Bill is committed to continuous development of the company's internal and external resources, with an emphasis on systems development and training, statistical analysis, customer service and quality assurance.

Bill has personally recruited, and continues to train and mentor an executive team. This new level of management consists of industry experts with the skills and desire to meet the company growth plans. Bill's reputation in the industry is a strong asset to the company. He has been successful in networking for strategic domestic and international working partnerships, and will continue to pursue these resources.

Bill's dedication to leadership through a strong set of principles and a commitment to continuous improvement is creating a foundation and culture poised for growth and success.

TELL US ABOUT YOUR PARTNERSHIPS WITH JEWELERS?

Relios has developed a brand that is repositioning southwestern jewelry at a designer level. We support our customers with high quality point-of-purchase materials, training information, and collateral to aid in their marketing efforts. Relios.com provides easy and convenient re-ordering directly through our website, and also serves as a useful resource of readily available information.

TELL US ABOUT THE PEOPLE BEHIND RELIOS

For over 30 years, Relios has been creating unique jewelry with the spirit of the Southwest. In 1973, Bill Pollack, owner and President of Relios, began designing and making jewelry as an independent artisan. Two years later, he had the opportunity to purchase Carlisle Jewelry Co., a small firm in Albuquerque, NM, which had ridden the crest of the worldwide popularity of Native American

art. Through Bill's leadership, the company has grown to become one of the major suppliers of jewelry in the southwest and throughout the country.

For more information about Relios, Inc. contact Bill Pollack at (505) 345-5304 or call him Toll Free at (800) 827-6543, or email Bill at bpollack@relios.com.



Refining at its best.

Gemmark ARC gives you fast and honest returns for your precious metal by-products. We provide outstanding customer service, accurate analytical and modern refining services. When it comes to getting the best return from your assets, call Gemmark ARC.

Toll Free: 888-8REFINE
www.gemmarkarc.com

Gemmark
ALLOY REFINING CORPORATION



TOP 10 REASONS to Consider Buying a LaserStar

ARE YOU:

- working too late?
- sending clients to other jewelers because you cannot do the repair?
- burning stones in an attempt to re-tip a prong?
- refusing heat-sensitive repair applications?
- having problems turning around repairs in a timely manner?
- adding excessive labor to jewelry repairs?
- wishing you could do more "High Dollar Value" custom designs?
- spending too little time with clients on the showroom floor?
- thinking about creating a jewelry repair profit center?
- striving to improve quality while minimizing risk?

1000
SERIES



NEW BrightStar Compact
Starting at \$15,905

Available to
Owners of All
Laser Makes
and Models!




**Introduction and Advanced
Laser Application Workshops
For Today's Retail Jewelers**

Crafford-LaserStar Technologies Corporation

MADE IN THE USA

RI LaserStar Center (Corporate Office)
One Industrial Court, P.O. Box 15155
Riverside, Rhode Island 02915 USA
401-438-1500 • Fax: 401-434-7260
Email: ri.sales@laserstar.net

FL LaserStar Center
2431 Aloma Avenue, Suite 201
Winter Park, Florida 32792 USA
407-677-7023 • Fax: 407-677-7075
Email: fl.sales@laserstar.net

TX LaserStar Center
701 Brazos Street, Suite 500
Austin, Texas 78701
512-334-6388 • Fax: 512-334-6389
Email: tx.sales@laserstar.net

CA LaserStar Center
510 West Sixth Street, Suite 1030
Los Angeles, California 90014 USA
213-612-0622 • Fax: 213-612-0623
Email: ca.sales@laserstar.net

W W W . L A S E R S T A R . N E T

Q&A with David Geller

Questions & Answers with the Man Who Wrote the Book

I worry that if I raise my repair prices, customers will think everything in the store is expensive.

WELL, HOW ABOUT THIS: Everything in your store is ALREADY expensive. Think about it. In the 1980s gold went above \$800 an ounce. But today with labor increases you can truthfully say gold and Platinum are the highest they have ever been in YOUR LIFETIME. You're stocking expensive items every day and you're still selling jewelry, aren't you?

The point is your products are expensive. You shouldn't worry about how repair pricing affects product sales. Product salesmanship has more to do with your pricing, selection, advertising and the sales person's ability to sell than if you charge \$28 to size a ring or \$22.

Think about this. Diamond 1 carat center stones are easily \$2000 more than they were 5 years ago. Who gives a flip if ring sizing goes up \$6! Come on, six bucks? You should be more worried about the hundreds of

thousands of dollars of unsold inventory over a year old rather than if a customer complains over a \$28 ring sizing.

Besides, repairs are not price driven, they are trust driven. The closing ratio on repairs is typically 90%. Product sales are about 30-40% nationally.

You're worried about the wrong thing, Charlie.

SHOULD I CHARGE MORE FOR DOING REPAIRS SAME DAY? WILL CUSTOMERS PAY?

Yes indeed, they will. Pay more and get faster service is everywhere. I pay \$39 extra at CompUSA to get in the front of the line. Your customers will pay extra for fast service.

In my store we offered "Express Service." It's 50% more than normal service and we would do the repair while they waited

or within 24 hours. Over 40% of the customers when offered would say "Is that all? I'll take it." The other 60% said "For the extra money, I can wait until next Thursday."

We would put an ad in the paper on Christmas Day and two days before New Years:

"Was your Christmas present the wrong size? If so we can size your rings, shorten watch bands and chains and other things while you wait or within 24 hours."

That week was a very busy and profitable week for our shop.

DO OTHER JEWELERS PAY COMMISSION ON REPAIRS?

Yes siree Bob they do! Repairs are a sale, like anything else. If you price it properly you'd make the same markup if not more than product. So why not pay the same commission? After all, it takes the sales person more time to wait on a \$35 repair than a \$35 silver bracelet. They should get compensated for it.

Want to try a test? This Saturday play a game called "Pass The Buck" for repair sales only.

"Highest repair sales gets \$20."

1st repair sale, immediately hand the sales person twenty bucks. Next highest repair sale, that sales person takes and holds the \$20. Highest repair sale end of the day keeps the \$20.

Puts the fun back into selling repairs.

David Geller, a 14th generation jeweler, owned and operated an Atlanta jewelry store for 25 years before dedicating himself to helping other jewelers operate as profitably as possible. For more information, visit www.jewelerprofit.com.

AD INDEX

Ad Index

Covenant Financial Solutions	23
Crafford LaserStar Technologies.	29
D.A.W. Trading Co., Inc.	17
Federated Insurance	Inside Back Cover
Gemark Alloy Refining Corp.	29
Helen Cole Jewelry Art	25
International School of Gemology	20
J. Patrick Diamonds Inc.	7
JewelerProfit.com	23
Jewelers Mutual	Inside Front Cover
Katzenellenbogen	20
OneService.	21
Roseco Inc.	25
Texas Institute of Jewelry Technology	17
Time Delay Corp..	Back Cover
YCH	27

Minimalism makes a comeback, metal prices remain fickle and the diamond market keeps on changing into 2006.

>page 25

Profitable Retailing Through Market Insights and News Analysis

A VNU publication VOL. 200 NO. 1



A century of memories

NATIONAL JEWELER
100-year
celebration

Destino takes helm at GIA, with stricter rules for lab, d

By Susan Thea Posnock

CARLSBAD, CALIF.—In the face of the New York lab grading scandal that has rocked the Gemological Institute of America (GIA), the group has announced sweeping changes, including the installation of a new leader.

Ralph Destino, former chairman and president of Cartier Inc., has been named

Major changes a



■ Ralph Destino, former chairman and president of Cartier Inc., has been named

Sales slip as Zale networks brand

In recent months...

Over 1200 of America's finest jewelers have switched their business insurance to Federated.

And with good reason.

Specialized, Total Needs Coverage

Federated provides specialized coverage for jewelry inventory, property, liability, workers compensation, business auto, umbrella, business and personal life insurance, health insurance and individual retirement plans.

Risk Management Services

Federated's loss prevention and safety programs are tailored to the jewelry profession.

Financial Strength and Stability

Federated is rated A+ (Superior) by A.M. Best Company and has been serving family businesses for more than a hundred years.

Trade Association Support

Federated is a member of the National Association of Federated Insurance Companies, which is a growing number of jewelry professionals in their state or region.

Nationwide Coverage...

Local Service

Federated's national dual office system of independent representatives through 1,000 offices nationwide. Federated Service specialists right in your area.

Jewelers
Security PLUS

FEDERATED
INSURANCE

Check us out!
Federated may be the
“new kid on the block”
but we’re creating sparks!



TIME DELAY CORPORATION



FROM SERVICE TO MANUFACTURING

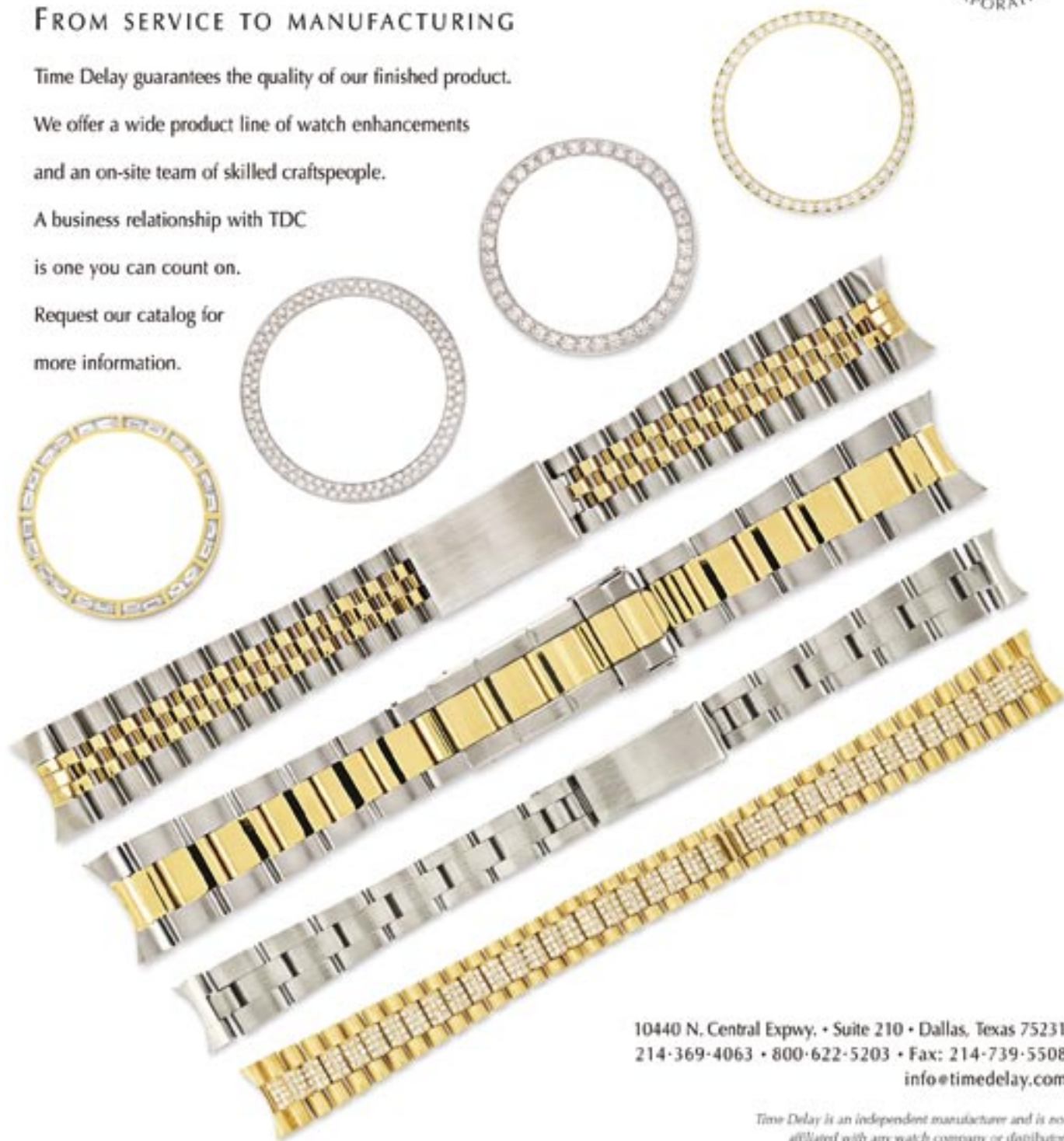
Time Delay guarantees the quality of our finished product.

We offer a wide product line of watch enhancements
and an on-site team of skilled craftspeople.

A business relationship with TDC

is one you can count on.

Request our catalog for
more information.



10440 N. Central Expwy. • Suite 210 • Dallas, Texas 75231
214-369-4063 • 800-622-5203 • Fax: 214-739-5508
info@timedelay.com

*Time Delay is an independent manufacturer and is not
affiliated with any watch company or distributor.*